

Sunset Public Hearing Questions for
Tri-County Railroad Authority
Created by Section 64-2-301, *Tennessee Code Annotated*
(Sunset Termination June 2020)

- 1. Provide a brief introduction to the rail service authority, including information about the authority's purpose, statutory duties, and general organization.**

This short line was established from abandoned Class 1 lines that had deferred maintenance issues leaving them with deteriorated conditions. The Tri-County Railroad Authority is a local governmental entity that was established by the legislature in 1981 to preserve and maintain essential rail service in areas, mostly rural, where it is vital to the local economies. The Authority is a representative of the counties, cities, and communities in which the railroad operates. This authority is governed by a board of directors and is actively involved in the management and administration of the state funds received.

- 2. For the Tri-County Railroad Authority, please provide information on the counties/cities involved, the railroad's operator, the miles of rail operated, and the types of commodities hauled. Include information for the last three fiscal years.**

The authority owns 59.6 miles of track in Coffee, Warren and White counties of Tennessee. The short line begins and connects to CSX in Tullahoma and terminates in Sparta. This railroad serves Tullahoma, Manchester, Morrison, Doyle, Sparta, and McMinnville. The railroad is operated by the Caney Fork and Western Railroad and serves 21 shippers in the region. Commodities hauled on this track include carbon black, scrap metal, lumber, propane, green cross ties, plastic pellets, fertilizer, grain and military vehicles. Our largest customer is the Bridgestone/Firestone Plant in Morrison, TN. Bridgestone has provided a letter (attached) regarding the importance of the railroad to the operation of the plant. Bridgestone employs over 1300 people at this location.

- 3. Describe in general the membership of the authorities' boards of directors. How are board members appointed? What are the requirements for board meetings?**

The authority is made up of local elected officials and residents within the county and or city in which the short line railroad exists. Each member, except for the elected mayors, are chosen by the local county or city board of aldermen/council to represent the particular entity. Each member must reside within the boundaries of the area they represent and attend at least one meeting per year. We have a total of 18 voting members. The membership has an executive Committee. The membership meets quarterly and can call special meetings to act on particular situations that may arise though the year. Our active membership and committed board members are dedicated to the well-being of the railroad and the safety of the community.

Below is the membership of the voting board and the county/city they represent:

No.	Members	Represent	Officers
1	Mayor Gary Cordell	Coffee Co.	
2	Tom Rice	Coffee Co.	
3	Mayor Jimmy Haley	Warren Co.	
4	Jana Wilson-Ringemann	Warren Co.	Secretary
5	Mayor Denny W. Robinson	White Co.	Chairman
6	Ernie Cheek	White Co.	
7	Jim Ward	Doyle	
8	Ray Spivey	Doyle	
9	Bonnie Gamble	Manchester	
10	Mayor Lonnie Norman	Manchester	
11	Jim Brock	McMinnville	
12	Pete Sands	McMinnville	
13	Donald Miller	Morrison	
14	Mayor Sue Anderson	Morrison	
15	Jeff Young	Sparta	
16	Wallace G. Austin	Sparta	
17	Winston Brooks	Tullahoma	Vice-Chairman
18	Lee Yoder	Tullahoma	Treasurer

4. Please describe the Tennessee Department of Transportation's involvement with the Tri-County Railroad Authority.

The Department of Transportation has oversight over the operation of the Authority and Caney Fork & Western Railroad and provides guidelines of how and when Transportation Equity Trust Fund allocations are to be spent. The Federal Railroad Administration requires a bridge yearly inspection, an operator's yearly report and a yearly audit to the Tennessee Comptroller's Office. TDOT provides contracts and aids the authority with numerous phases of the bidding process and contract management. TDOT also provides valuable information regarding changes to laws and projections of revenues coming into the state so that project planning can be accomplished.

5. If funds were received from the Tennessee Department of Transportation, please detail both the source and the amount of the funding provided during the last three fiscal years. For what purposes were those funds used?

The Authority does receive a yearly allocation from TDOT through the Transportation Equity Trust Fund. Allocations are received from a tax on diesel locomotive fuels purchased in Tennessee from all railroads. Allocations are used to replace poorly rated bridges, track defects and to upgrade the overall system. Due to a shortage of funding only small segments of the track can be rehabilitated.

2017 funds were \$0.00
2018 funds were \$880,099
2019 funds were \$782,089

6. Does the Department of Transportation require the authority to provide matching funds? If yes, please provide additional information.

Yes, a 10% match is now required. In the past years an in-kind match was acceptable to TDOT, but the policy has changed. This change in policy has presented a problem in some cases. The counties of Coffee, Warren and White certainly see a benefit to having a railroad. In 2019 each county appropriated \$80,000 each (\$240,000) to provide the match for a portion of the allocations offered through the Transportation Equity Trust Fund. In most cases the railroad operator is required to provide the matching funds.

7. Please explain the relationship between the rail service authority and the rail line operators. Who owns the rails under the authority's jurisdiction? Who performs the rail line rehabilitation work funded by the Tennessee Department of Transportation?

The Authority has retained the Caney Fork & Western Railroad to operate the railroad and provide services to the local shippers. The property and all material such as rail and ties are the property of the Tri-County Railroad Authority. All planned work is designed and construction documents are developed by a Tennessee licensed engineering firm and competitively bid to licensed contractors in the United States. All procedures are in compliance with TDOT standards. In some situations, the railroad operator may be required to correct track defects in order to maintain service.

8. Describe the Tennessee Department of Transportation's oversight of the rail service authority and rail line operators. How does the department ensure that state dollars were spent on allowable items, that the rehabilitation work performed was of acceptable quality, and that reasonable prices were paid for labor and materials?

TDOT reviews the construction and procedures of the Authority and railroad and has a staff that reviews grade crossings, signals, track and bridge construction. In some cases, TDOT may fine a railroad for failure to comply with an order of safety within a certain period of time. There are 17 active short line railroads in Tennessee. TDOT does a good job of keeping an accurate accounting of reasonable costs incurred through the bidding process and management of contracts.

9. Who is responsible for tracking statistics for numbers and types of accidents on the short-line railroad? If available, please provide relevant information for the last three fiscal years.

Caney Fork & Western Railroad operates the line on behalf of the Authority. They keep a record of any accidents and derailments on the line and reports this to the Authority and any mishaps within the quarter. Caney Fork and Western Railroad has been injury free for 3,611 days and incident free for 633 days. Caney Fork & Western Railroad has an outstanding record of being accident free. Caney Fork & Western Railroad provides a quarterly report on the commodities and a list of cars hauled and the shippers.

10. What reports does the authority prepare concerning their activities, operations, and accomplishments? Who receives copies of these reports? Please provide a link to any such reports issued in the last three fiscal years

The Operator (Caney Fork & Western Railroad) is required to submit a yearly report to the Authority. That report is also submitted to TDOT, Multi-Modal Division. The Federal Railroad Administration requires the railroad to have the all of their bridges inspected yearly by a certified licensed engineer. This is called the "Bridge Management Program" and includes Inspections, rating and reports. The Authority is required to submit an annual independent audit report to the Tennessee Comptroller' Office.

11. Please describe any items related to the authority that require legislative attention and your proposed legislative changes.

Due to the restructuring of the revenue process for the Transportation Equity Trust Fund our allocations have been reduced. TDOT has developed a Rail Connectivity Grant Program that has taken 50% of our allocations to be used for other needs. The addition of the required 10% cash match has created an extra hardship for the rehabilitation of the track and bridges that are continuously declining. We are facing aging bridges that have an average age of 60+ years old. Car loads are increasing and we are struggling to keep pace with the new loads.

12. Should the State of Tennessee continue to fund rehabilitation work on short-line railroads? Even in cases where the rail lines are owned by private operators? If yes, please explain why.

Yes, by all means. The short lines provide public benefit to the rural communities and a potential selling point to bring growth and jobs to rural areas. The short lines railroads operate and maintain 29% of America's route mileage and they account for 9% of the rail industry's freight revenue and 11% of railroad employment. The short lines in are simply another form of transportation.

13. Should the Tri-County Railroad Authority be continued? To what extent and in what ways would the absence of the authorities affect the public health, safety, or welfare of the citizens of Tennessee?

Yes, we believe that the Tri-County should remain existence. We are facing increased truck traffic on our highway system. The railroads, particularly the short lines systems provide an alternative to freight being shipped and delivered to residences and businesses in Tennessee. For example, we have on several occasions been made aware of the importance of the Bridgestone Plant in Morrison. Attached please see the letter in regards to this matter.

14. Do you consider the inception of the Rail Connectivity Grant Program to be a meaningful and worthwhile program for the authorities?

No. The new TDOT program has taken 50% of our allocations and transformed the funds into Economic Development Funds Program, so to speak. This portion of the funding is to going to a number of various sources within the state and the funds are not directed to the authorities as in the past. We consider this to be a complete reversal of past administrative policies to fund and rehabilitate the abandoned short line railroad in Tennessee. Restructuring of the diesel fuel tax, regarding locomotive fuels, and the new Rail Connectivity Grant Program will reduce funding by approximately 75%.

15. We now understand that authorities are required to match the allocations with a 10% cash (only) match. In the past, in-kind match was acceptable. How has this affected the posture and development of the authorities.

The authority, which are made up from local government entities, are directed by the legislature to preserve and maintain rail service to the area. The authority struggles to make ends meet and this is just another burden ultimately placed on the counties, cities or the railroad operator within the authority's region. We do not see any reason for this change.

At the request of the Chairman of the House Government Operations Committee, all agencies that provide responses to questions as part of the Q&A process should also provide the following information:

16. Identification of the appropriate agency representative or representatives possessing substantial knowledge and understanding of the responses provided to the sunset review questions.

Denny Wayne Robinson | Chairman
Tri-County Railroad Authority
1 E Bockman Way
Sparta, TN 38583

17. Identification of the appropriate agency representative or representatives who will respond to the questions at the scheduled sunset hearing.

Mayor Denny Wayne Robinson, White County Mayor and Chairman of Tri-County Railroad Authority.

18. Office address, telephone number, and email address of the agency representative or representatives who will respond to the questions at the scheduled sunset hearing.

Denny Wayne Robinson | County Executive
White County Tennessee
1 E Bockman Way | Sparta, TN 38583
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April 16 2019

Mr. Dan Pallme
Interim Director, Division of Multimodal Transportation Resources
Tennessee Department of Transportation
505 Deaderick Street,
James K. Polk Building, Suite 1200
Nashville, TN 37243

Dear Mr. Pallme:

On behalf of Bridgestone Americas Tire Operations, LLC (BATO), I wanted to briefly offer our company's perspective on an issue of critical importance to BATO's Truck and Bus Radial (TBR) manufacturing plant in Warren County, TN. First opened in 1989, BATO's Warren County TBR plant is a flagship facility within Bridgestone's global family of tire manufacturing plants, employing over 1,000 of our company teammates.

It is our understanding that the Tennessee Department of Transportation is currently evaluating funding requests by short line rail operators throughout Tennessee to assist with maintenance and improvement projects prioritized by these respective lines. The servicing and maintenance of short line railroads across the state is of the utmost importance to customers like Bridgestone whose operations rely heavily on their quality and reliability.

We understand that optimizing and maintaining the state's transportation infrastructure represents an ongoing challenge and involves vibrant debate. We further know that potential disruptions, intermittent delays, or safety related issues which involve our partner short lines could significantly inhibit operations at our tire manufacturing facilities. We wish to reiterate the importance of properly maintained short lines to the consistency and continuity of our business operations and planning.

Thank you for your time and consideration. Please feel free to contact me or our plant leadership with any questions or issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian L. Gullott", with a stylized flourish at the end.

Christian L. Gullott
Executive Director, Government Affairs